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**Finance Committee**

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**HB 2071**

**Brief Description:** Modifying the definition of retail car rental for the purposes of chapter 82.08 RCW in order to create tax equity.

**Sponsors:** Representatives Reeves, Fey, Goodman and Appleton.

**Brief Summary of Bill**

- Expands the definition of rental car to include cars rented through marketplace facilitators for the purposes of taxation.

**Hearing Date:** 1/21/20

**Staff:** Nick Tucker (786-7383).

**Background:**

Rental Car Tax.

Retail car rentals are subject to the state rental car tax and state and local retail sales tax. The state rental car tax rate is 5.9 percent and is imposed on each retail car rental. Retail car rentals involve the rental of passenger cars by rental car businesses to customers, without drivers, for periods not in excess of 30 consecutive days. Retail car rentals do not include the rental or loan of vehicles to customers by automotive repair businesses while the customer's own vehicle is under repair or of vehicles licensed and operated as taxicabs.

Retail Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Marketplace Facilitator.

A marketplace facilitator is a person that:

- contracts with sellers to facilitate for consideration, regardless of whether deducted as fees from the transaction, the sale of the seller's products through a marketplace owned or operated by the person;
- engages directly or indirectly, through one or more affiliated persons, in transmitting or otherwise communicating the offer or acceptance between the buyer and seller; and
- engages directly or indirectly, through one or more affiliated persons, in certain specified activities with respect to the seller's products.

**Summary of Bill:**

For purposes of taxation, the definition of retail car rental is expanded to include passenger cars that are offered for rental, without an operator and for periods not in excess of 30 consecutive days, by the owner through a marketplace facilitator.

**Appropriation:** None.

**Fiscal Note:** Requested on January 14, 2020.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.